



Alkemy

9M 2020 RESULTS

13.11.2020

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WE DESIGN BUSINESS
EVOLUTION THROUGH DATA,
TECHNOLOGY & CREATIVITY

Alkemy was founded in 2012 with the aim of supporting the **top management** of large companies in the **process of digitizing** their business model.

The market in which Alkemy insists is the **digital transformation market** which today is worth over **6 billion euros** in Italy and **grows** at a rate of between **7 and 10% per year**.

In this market, Alkemy has developed a **differentiated positioning** that has allowed it to grow with a **CAGR of 42%** (>3x the market), to move from the 23 starting resources to a team of over **650 people** and a turnover over **80M€**.

In these 7 years, Alkemy has **successfully** used the **M&A lever** (7 acquisitions) using the IPO proceeds in less than nine months, and the **EBITDA growth** of the four acquisitions made in Italy from 2013 to 2018 was between **150 and 440%**.

Alkemy has developed a **new organization** and a new Go-to-Market strategy that have laid the foundations for the **industrialization** and expansion of the business scale, resulting in **strong organic growth and higher marginality**.

We help companies to
evolve their business in the
post-digital scenario

Focus on the **industrialization** of its business model to strengthen **marginality** and **business resiliency**



FIRST 9 MONTHS 2020 MAIN ACHIEVEMENTS

- > **EBITDA** up 92.9% compared to 9M 2019
- > **Improvement in marginality** compared to 9M 2019 (EBITDA margin net media 8.4%pps)
- > **Resiliency** of TIER 1 and TIER 2 customers (+10% ARPC)
- > Strong **cash generation** over the period (€M 7.5 operative cash flow)
- > **Improvement of NFP** of +8.26 €M

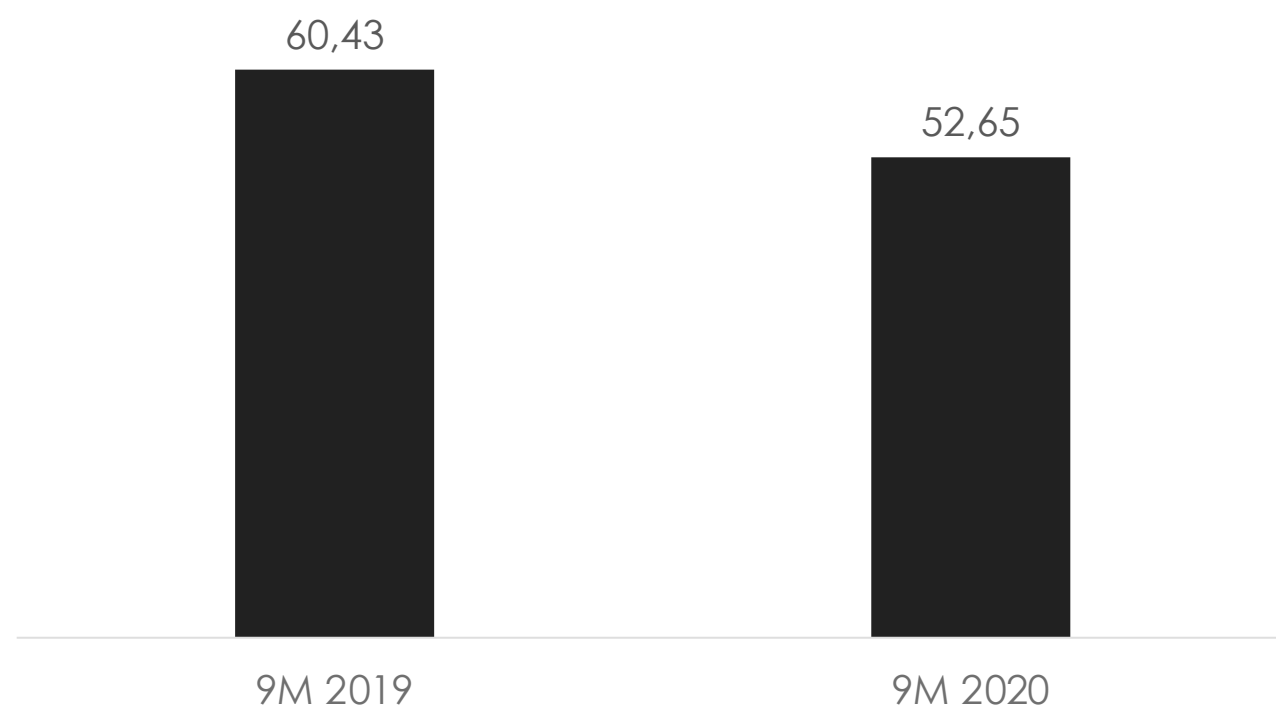
FINANCIAL HIGHLIGHTS

€M	9M 2020	9M 2019	
Turnover	52.65	60.43	> -12.9% compared to 9M 2019, mostly due to the Mexican company, exposed to travel and leisure sector, highly effected by COVID-19
EBITDA	3.83	1.99	> + 92.9% compared to 9M 2019, thanks to the better mix and efficiencies arising from the new organization. EBITDA margin up by + 4 pps
EBIT	2.16	0.39	> +450% compared to 9M 2019, thanks to the better operating result. EBIT margin up by +3.4 pps
EBT	1.40	(0.51)	> Positive result compared to 9M 2019, thanks to the better performance over the period. EBT margin up by +3.5 pps
Group Net Income	0.81	(0.66)	> Thanks to better operating results, mostly of Italian companies
Operating Cash Flow	7.51	(0.02)	> Increase of €M 7.5 compared to 9M 2019 mainly due to the better operating result and the lower absorption of NWC
NFP	-10.95	FY 2019 -19.21	> Variation since 31 December 2019 of €M 8.26 mostly due to: €M +1.95 decrease in put options, €M +11.40 in cash liquidity, €M –5.7 increase in financial debt

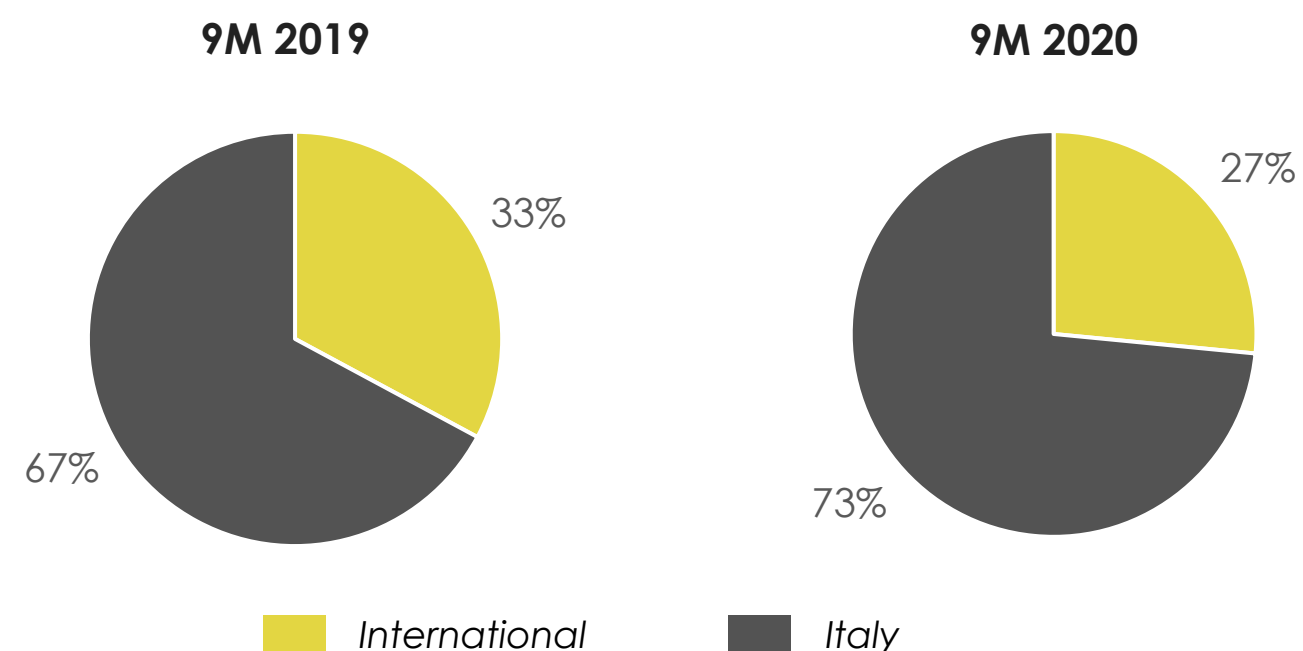
REVENUES

RESILIENCY OF ITALIAN CORE BUSINESS

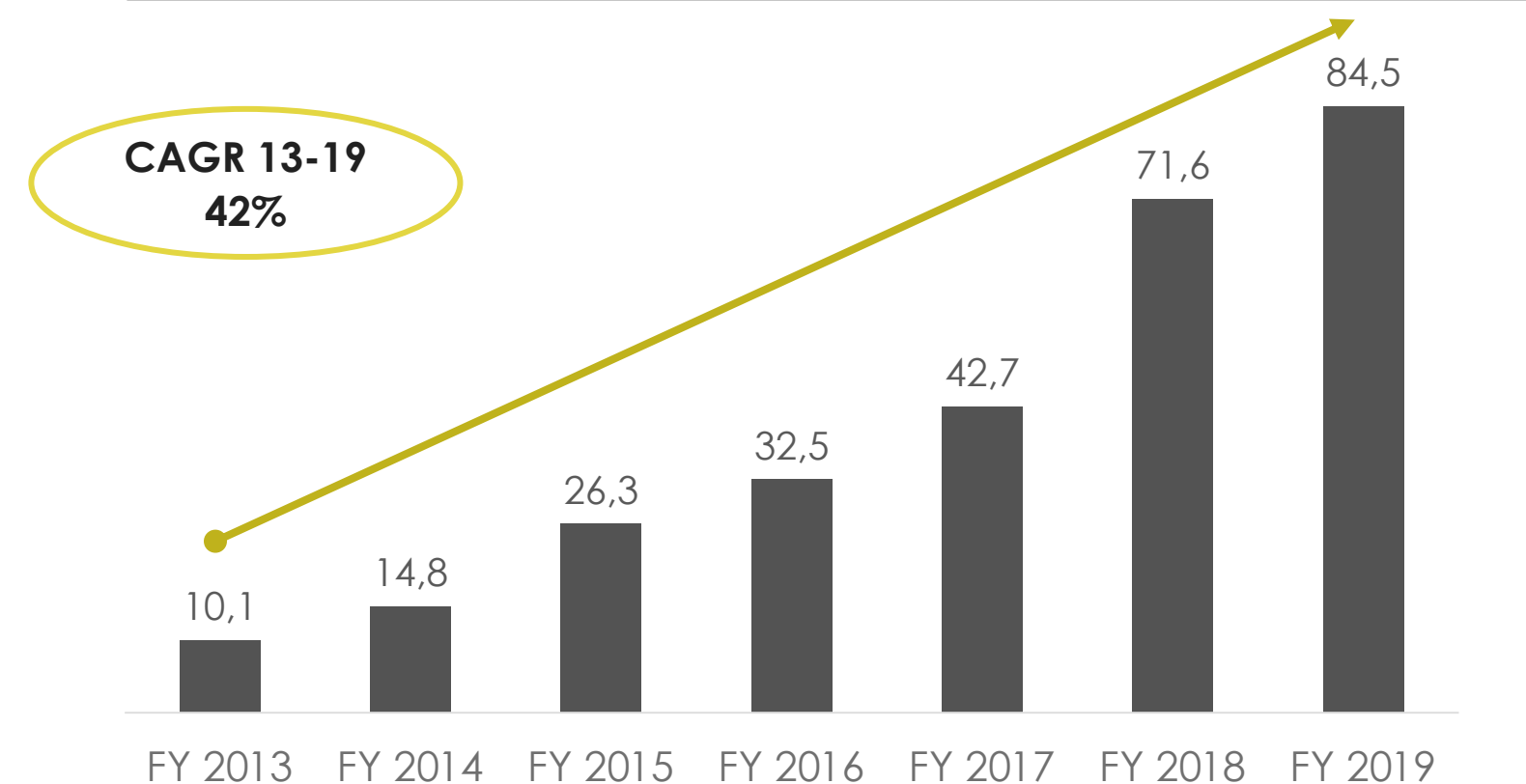
9M REVENUES (€M) – IAS /IFRS



ALKEMY INTERNATIONAL TURNOVER (%)



FY REVENUES (€M) – IAS /IFRS ⁽¹⁾



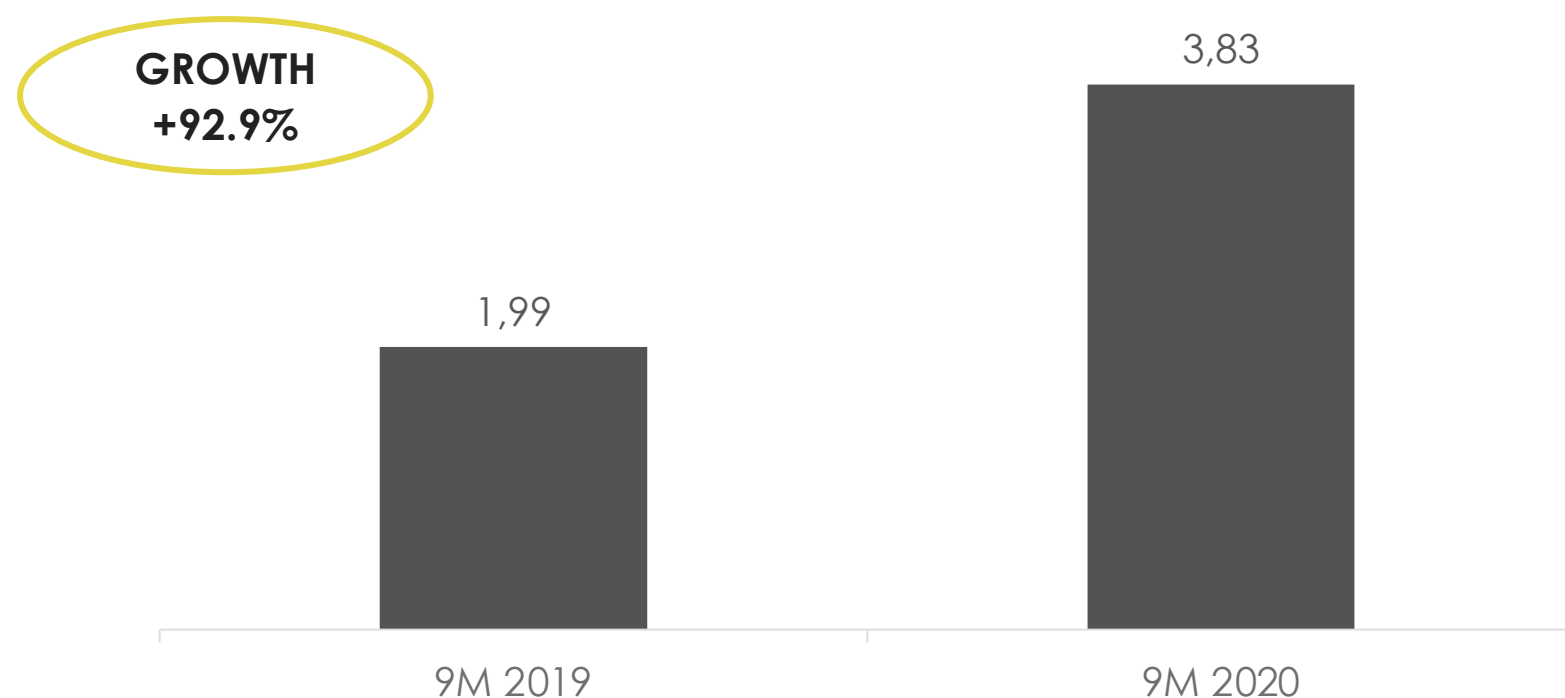
- › 9M 2020 revenues are €M52.65, -12.9% compared to 9M 2019 which were €M60.43, mostly due to the Mexican company, highly effected by COVID-19 for its exposure to travel & leisure clients.
- › 9M 2020 Italian turnover is €2.0M lower than 9M 2019 (-5%), of which €M -1.7 are non-core revenues related to lower tax credit for R&D projects. Italian core business showed resiliency thanks to the Go-to-Market strategy, strongly focused on main clients, which increased the ARPC by 10%.
- › The underperformance in foreign markets (-29%) is due to higher exposure to travel and hospitality sectors, impacted by lockdowns, especially in Mexico and it concerned mostly Media related investments.

⁽¹⁾Revenues 2013-14-15-16 are Management estimates and are not audited, following the introductions of IFRS in 2018.

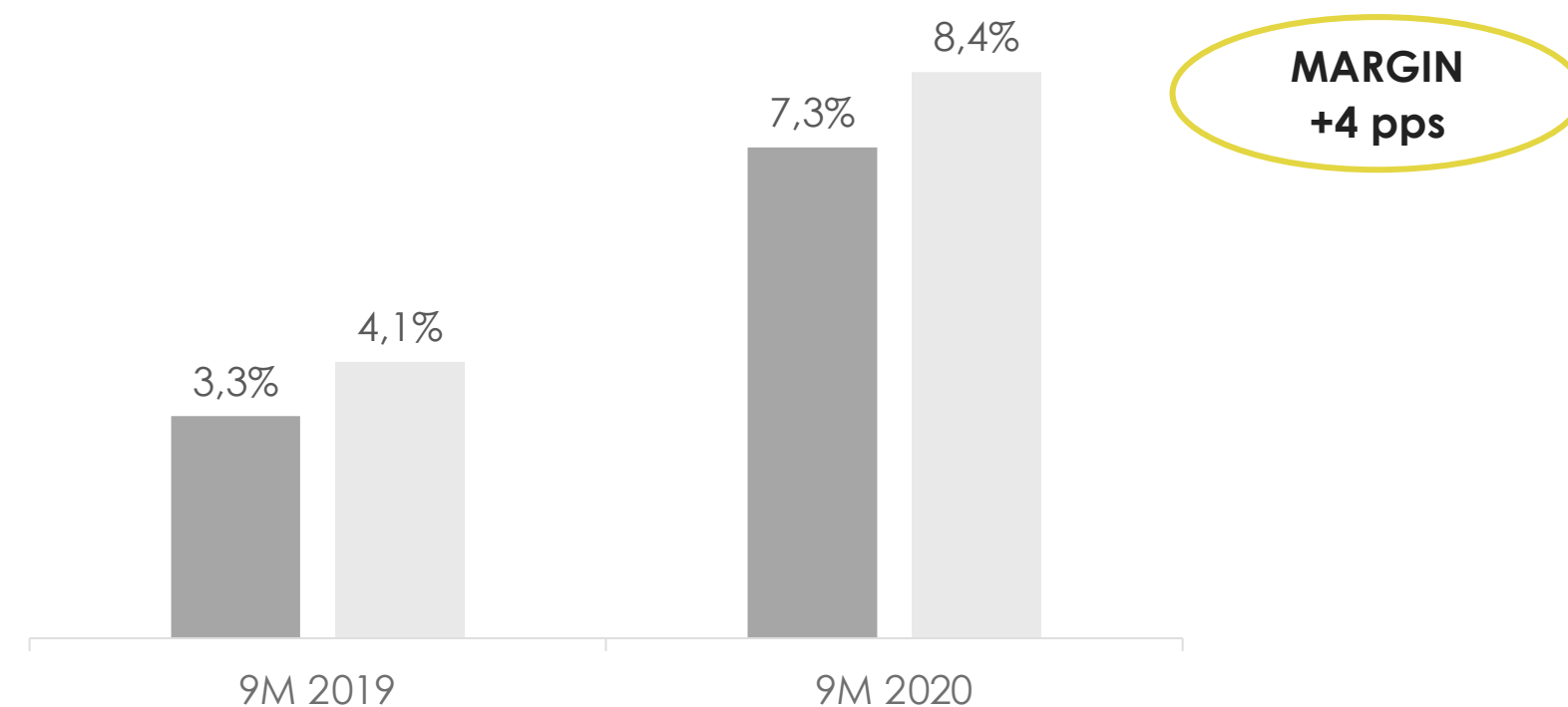
EBITDA

CONSISTENT IMPROVEMENT IN MARGINALITY

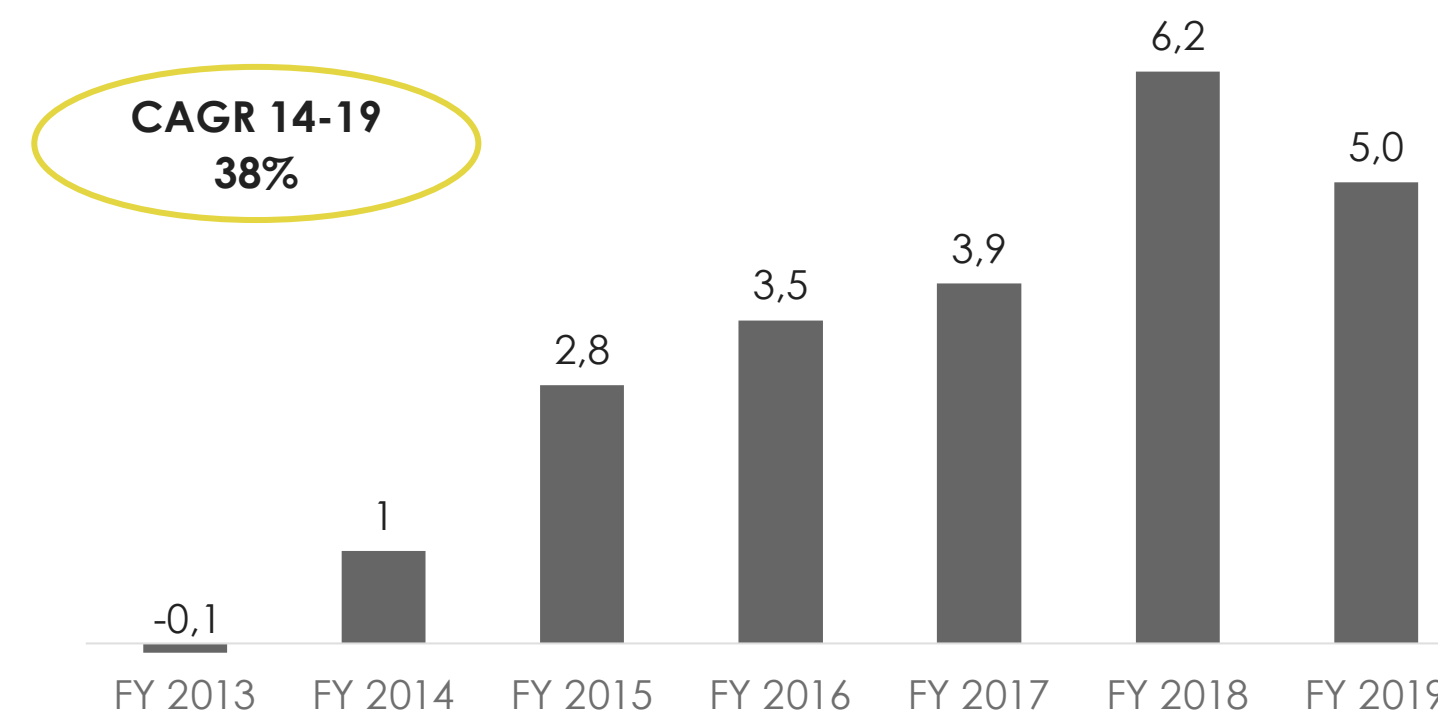
9M ALKEMY EBITDA (€M) – IAS/IFRS



9M EBITDA MARGIN – EBITDA MARGIN NET MEDIA (%)⁽¹⁾⁽²⁾



FY ALKEMY ADJ. EBITDA (€M) – IAS/IFRS



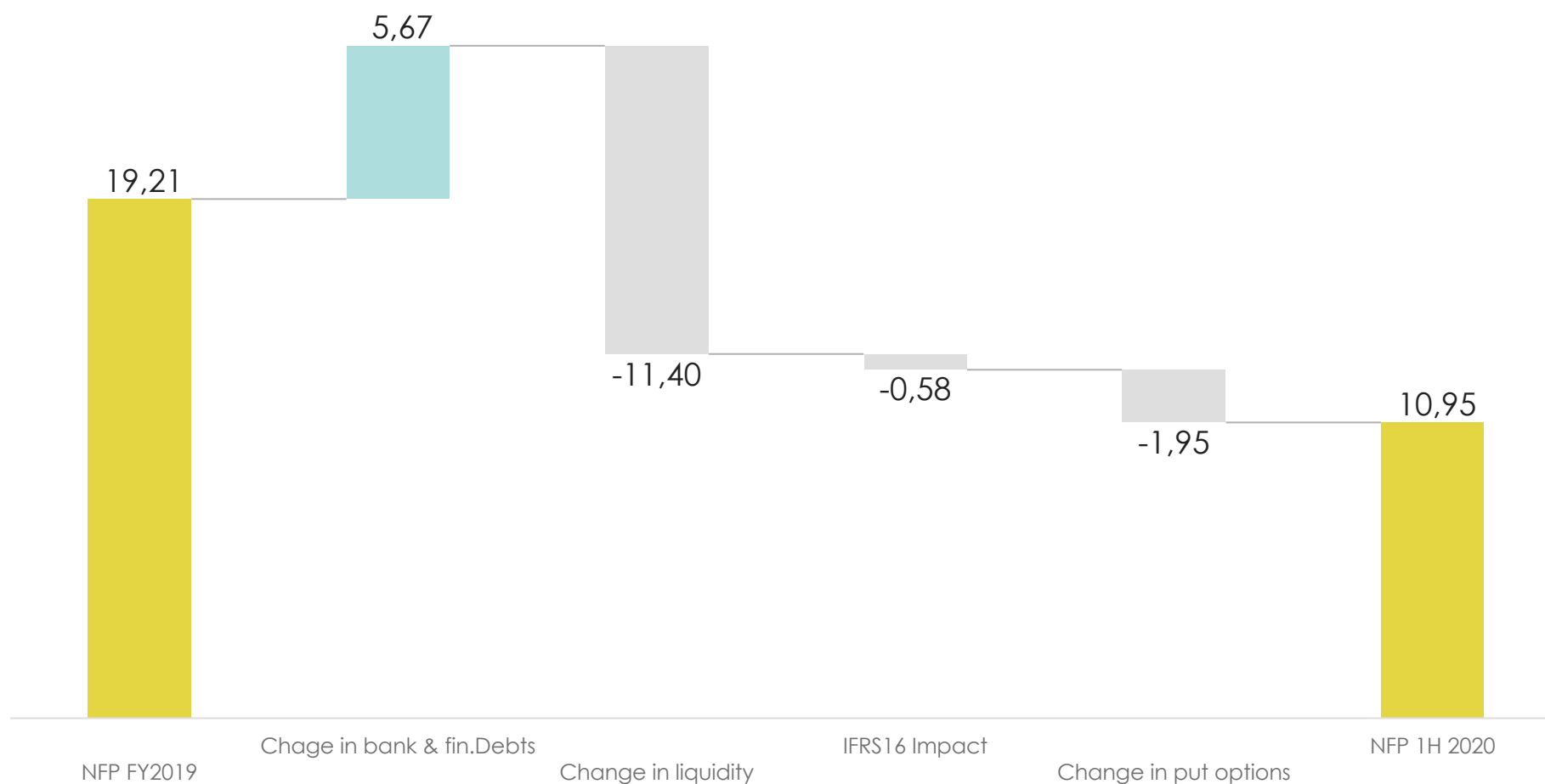
- › 9M 2020 EBITDA is €M3.83, +92.9% compared to 9M 2019 of €M1.99, thanks to the better mix of the new Go-to-Market strategy and the efficiency and razionalizati0n of the new organization.
- › EBITDA Margin is 7.3% in 9M 2020 vs 3.3% in 9M 2019 with a positive growth of 4 pps, thanks to lower costs impact on revenues, thanks to the industrialization process started in 2020E
- › EBITDA Margin net media is 8.4% in 9M 2020 vs. 4.1% in 9M2019

⁽¹⁾Ebitda margin is calculated relating the EBITDA to the revenues of the period

⁽²⁾Ebitda margin net media is calculated relating the EBITDA to the revenues of the period net of Media related revenues from Spain and Mexico companies

NET FINANCIAL POSITION BRIDGE AND DETAILS

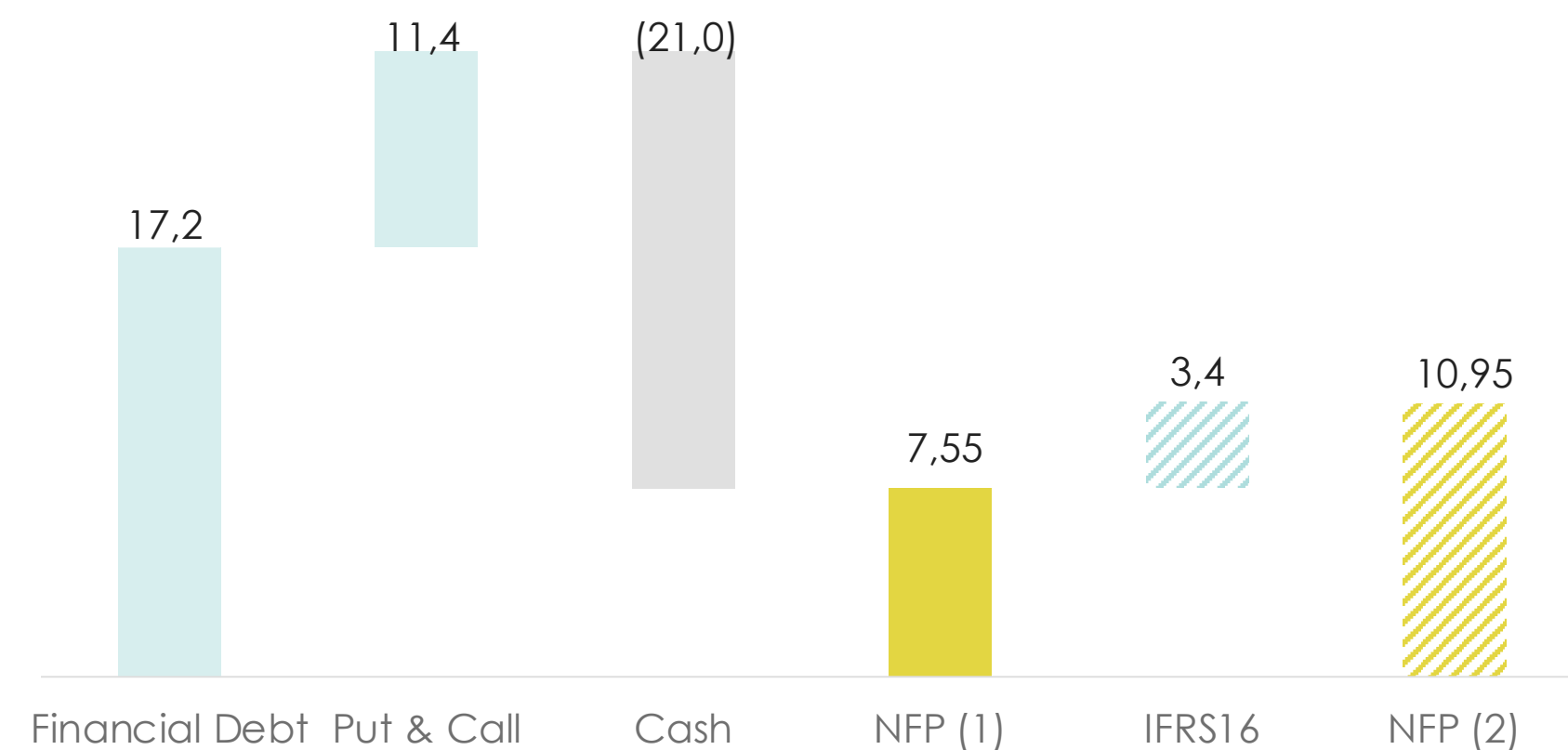
Net Financial Position Bridge 9M 2020 (€M)



- › **Net Financial Position** NFP (2) at September 30th 2020 was €M -10.95 with an improvement of €M 8.26 compared to €M -19.21 at December 31st, 2019
- › **Variation** mainly due to: increase in liquidity on bank accounts (€M +11.4), increase in non current bank loans (€M -3.8), increase in current bank loans (€M -1.9), re-determination of put options value (€M +1.95).

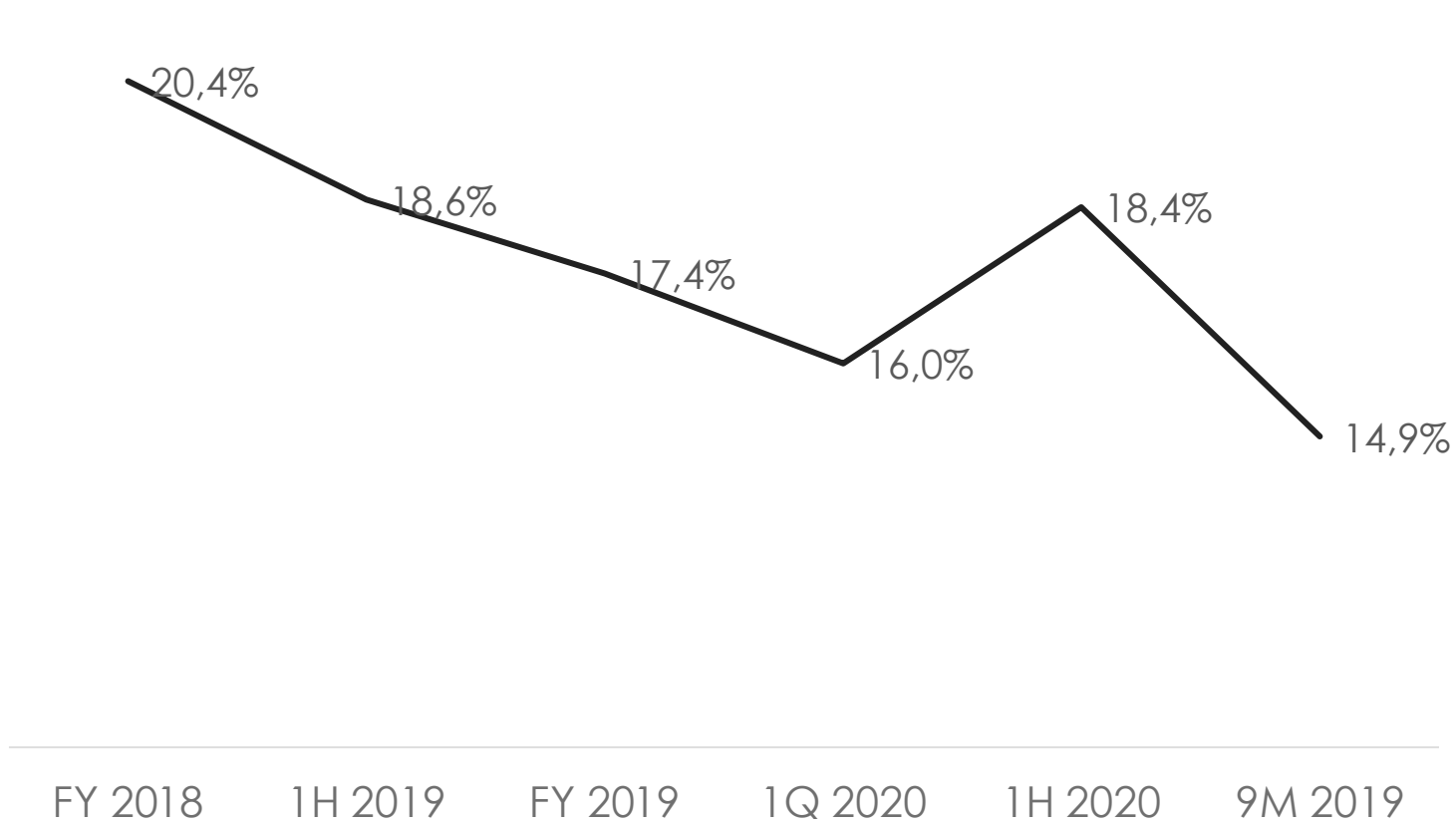
- › **Gross debt** is composed by €M 17.2 of financial debt (of which €M 12.7 non current, €M 4.4 current), €M 11.4 put options deriving from M&A (of which €M 2.1 non current) and €M 3.4 IFRS16 financial leases
- › 9M 2020 NFP (1) ex IFRS16 is €M 7.55
- › 9M 2020 cash is €M 21.0

Net Financial Position Break Down 9M 2020 (€M)

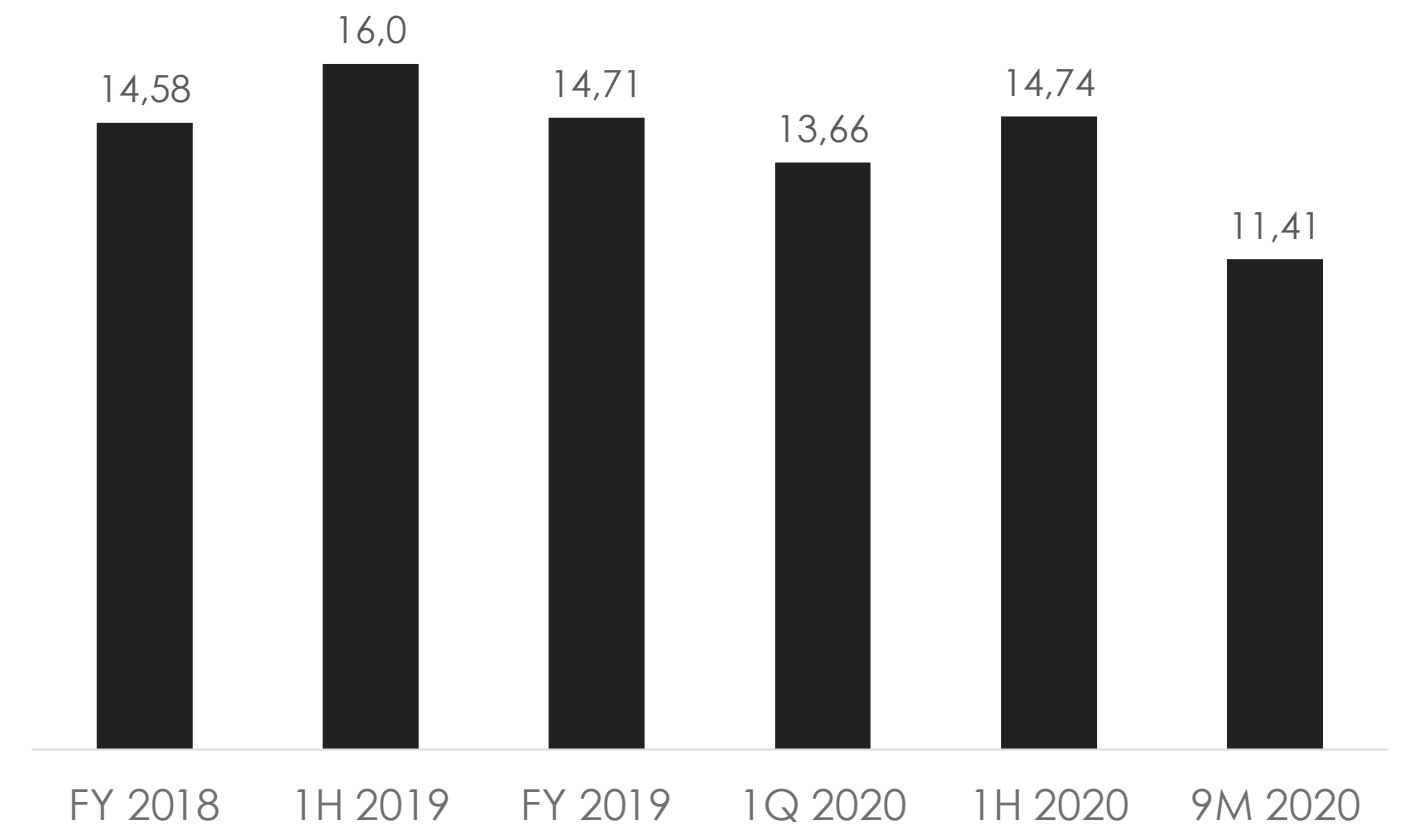


NET TRADE WORKING CAPITAL DYNAMICS

Net Trade Working Capital over Last 12 Months Revenues (%)

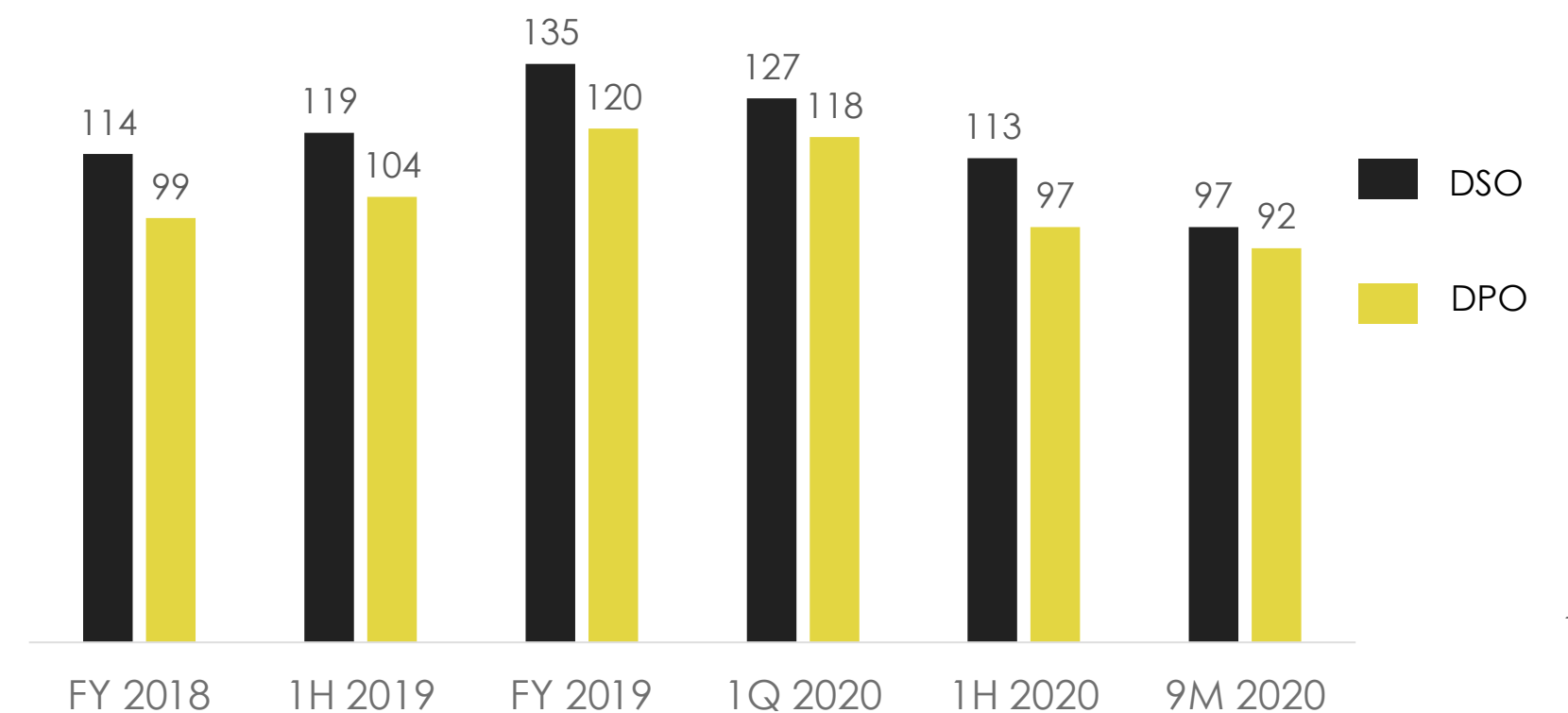


Net Trade Working Capital (€M)



- > 9M 2020 Trade working capital shows better performance compared to history
- > The cash generation from **Net Trade Working Capital** decrease (€ +2.94 million) was more than 3 times higher in comparison to 9M 2019, thanks to payables and receivables dynamics
- > Strong improvement in other **current assets** contributes to NWC inflow in 9M 2020. The driver of this improvement was inflow from 2019 public financing and 2019 tax credit

Cash Conversion Cycle Details (days)



9M 2020 P&L – IAS/IFRS



Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	9M 2019	9M 2020
Revenues	60.433	52.653
Service costs, consum. & goods	(36.845)	(27.837)
Personnel	(21.600)	(20.981)
EBITDA	1.988	3.835
% Revenues	3,3%	7,3%
D&A	(1.320)	(1.292)
Bad debts/ claims/ provisions	(276)	(385)
EBIT	392	2.158
% Revenues	0,6%	4,1%
Financial charges	(901)	(754)
EBT	(509)	1.404
Taxes	(261)	(591)
% Tax rate	-51,3%	42,1%
Net Profit (Loss)	(770)	813
o/w Minorities	(106)	(2)
o/w Group Net Profit (Loss)	(664)	815

- › 9M 2020 **Revenues** at €M 52.65, down by 12.9% compared to €M 60.43 of 9M 2019. The decrease is mostly attributable to **the foreign subsidiaries** who **underperformed** in the period (-29%), especially in Mexico where the contraction of revenues is due to high exposure to travel & leisure customers. **Italian turnover** is down by 5%, mostly due to lower tax credit and incentives for R&D projects over the period. **Italian core business** mostly stable.
- › **Operative costs** decreased by -16.5% yoy, reducing the impact on revenues by 4% compared to 9M 2019. **Services costs** decreased by 24.2% yoy. This **efficiency** is mostly achieved thanks to the actions taken to internalize tech activities. **Personnel costs** is mostly stable, with a decrease of 2.9% compared to 9M 2019, attributable to the rationalization of the **new organization** in the Italian companies, while there has not been use of any temporary layoffs nor other unemployment benefits.
- › 9M 2020 **EBITDA** at €M 3.83 +92.9% compared to €M 1.99 in 9M 2019, with a margin increase of 4 pps (**EBITDA margin 7.3%**). **EBIT** is equal to €M 2.16 higher than €M 0.39 in 9M 2019, with an increase of 3.4 pps in EBIT margin. The improvement is mostly attributable to the Italian companies.
- › **Financial charges** decreased from €M 0.90 in 9M 2019 to €M 0.75. 9M 2020 **EBT** positive for €M 1.40. 9M 2020 **Group Net Result** is €M 0.81 vs €M -0.66 in 9M 2019.

9M 2020 BALANCE SHEET – IAS/ IFRS

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Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2019	9M 2020
Tangible assets	980	850
Intangible assets	7.801	6.950
<i>o/w rights of use (IFRS16)</i>	3.907	3.301
Goodwill	31.752	31.755
Financial assets	1.078	1.133
Fixed Assets	41.611	40.688
Inventories	61	31
Trade Receivables	31.791	22.818
Trade Payables	(17.142)	(11.440)
Net Trade Working Capital	14.710	11.409
Other Current Assets	8.931	5.056
Other Current Liabilities	(9.790)	(7.462)
Employees' leaving entitlement	(4.356)	(4.665)
Total Capital Invested	51.106	45.026
Total Equity	31.897	34.073
o/w Group Equity	31.723	33.741
o/w Minorities	174	332
Cash	(9.581)	(20.983)
Bank Debts	11.501	17.178
Put Option Liabilities	13.342	11.392
Other Financial Debts (IFRS16)	3.947	3.366
Net Debt (Cash)	19.209	10.953
Total Funds	51.106	45.026

- › **Net Invested Capital** at €M 45.0 (€M 51.1 at FY 2019) and consisted of approx. € 11.4 million of **Net Working Capital** (€M 14.7 FY2019), €M 40.7 of fixed assets (€M 41.6 FY2019) of which €M 31.8 of **Goodwill** and €M 3.3 of **rights of use** (IFRS 16), and €M 4.7 of final Employees' leaving entitlement (€M 4.3 FY2019)
- › **Shareholders' equity** increased in the period by €M 2.0 since 31 dec. 2019 (+6.8%), thanks to the positive result of the period
- › **Net Financial Position** at September 30th 2020 negative for €M -10.95 (ante-IFRS 16 at €M -7.55) compared to the negative Net Financial Position at 31 December 2019, which was €M -19.2. The variation is mainly due to positive cash generation in the semester resulting in higher cash position and lower valuation of put options.

1H 2020 CASH FLOW GENERATION – IAS/IFRS

Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	9M 2019	9M 2020
Net Profit (Loss)	(770)	813
Adjustments (cash tax, interest and other)	649	992
Non cash items	1.932	2.202
Gross Cash Flow	1.811	4.007
Change in inventories	72	30
Change in trade receivables	4.558	8.616
Change in trade payables	(3.901)	(5.702)
Total change in NTWC	729	2.944
Total change in other asset/liabilities	(2.563)	563
Operating Cash Flow	(23)	7.514
Capex	(489)	(152)
Free Cash Flow before Acquisition	(512)	7.362
Other fixed assets	(1.309)	(113)
Free Cash Flow	(1.821)	7.249
Change in treasury shares	(438)	0
Dividends to minorities	(662)	(667)
Change in bank & fin. Debts	8.153	5.625
IFRS 16 effect	(751)	(715)
Changes in equity	1.047	0
Change in put/option	(5.585)	(90)
Change in Cash	(57)	11.402
Initial Cash	10.098	9.581
Final Cash	10.041	20.983

- › 9M 2020 **Gross Cash Flow** at €M 4.0, compared to €M 1.8 9M 2019. The increase yoy is mostly due to the higher result of the period and higher non-cash items.
- › 9M 2020 **Operating cash flow** at €M 7.51 compared to €M -0.02 of 9M 2019. The positive variation is mostly due to the better operating result and the lower absorption of the Net Working capital compared to 9M 2019.
- › Ordinary **Capex** of the period are 70% lower than 2019. 9M 2020 **Free Cash Flow before Acquisitions** is equal to €M 7.36, compared to €M -0.51 of 9M 2019.
- › 9M 2020 **Free Cash Flow** is €M **7.25**, showing a strong improvement compared to 9M 2019 €M -1.82.
- › Total change in **cash** for the period was €M 11.40 compared to €M -0.06 in 9M 2019.

LOOKING AHEAD

- > Alkemy will continue the process of industrialization of the business model, started over the course of 2019, defining our new organization and the new go to market strategy. Alkemy will continue to work in this direction with an elevated focus on both marginality and organic growth.
- > In 9M indeed Alkemy already started to register the first positive results in terms of marginality, thanks to the better mix and the business efficiencies generated.
- > In 9M 2020 the top line was impacted by an unprecedented crisis, but the management is confident that in a post COVID-19 world, the services offered by Alkemy for digital transformation and business evolution will be structurally necessary for current and future customers to be competitive and successful.
- > The evolution of the Business in the next few months will depend mostly on exogenous factors such as the dynamics of the pandemic, the resilience of our clients on one hand, and government interventions in support of the economy and investments in the digital field on the other.
- > The management will monitor continuously and carefully the developments of the events, in order to be ready to promptly take the necessary actions to mitigate any impacts on business performance resulting from the tough economic environment in key geographies.
- > Taking into account the results achieved in 9M 2020, and current trading conditions, excluding the occurrence of further aggravating events that are not foreseeable at the moment (ie new lockdowns), in FY 2020 we expect to reach an EBITDA higher than that of 2019, despite the decline in revenues expected.

A PUBLIC COMPANY LISTED ON MTA – STAR SEGMENT

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Issuer & Tickers

- Alkemy S.p.A. (ALK) | ISIN: IT0005314635
- REUTERS ALK.MI | BLOOMBERG ALK.IM

Market

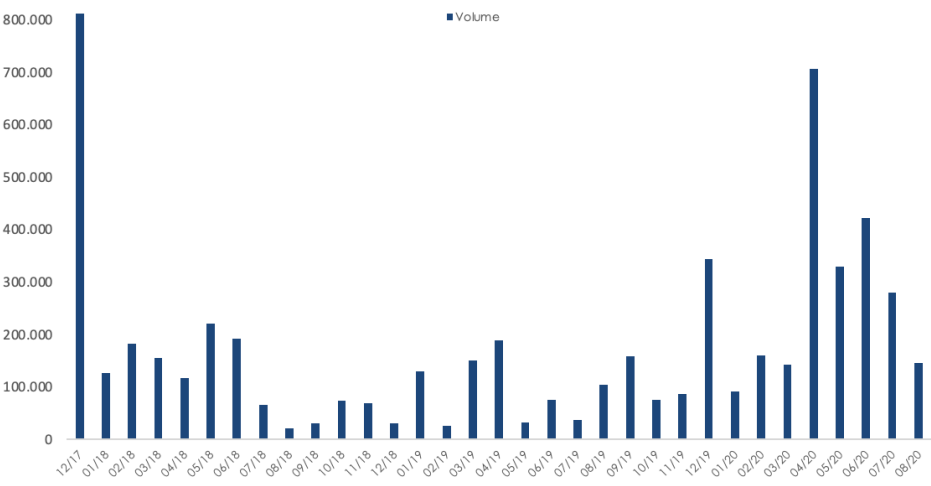
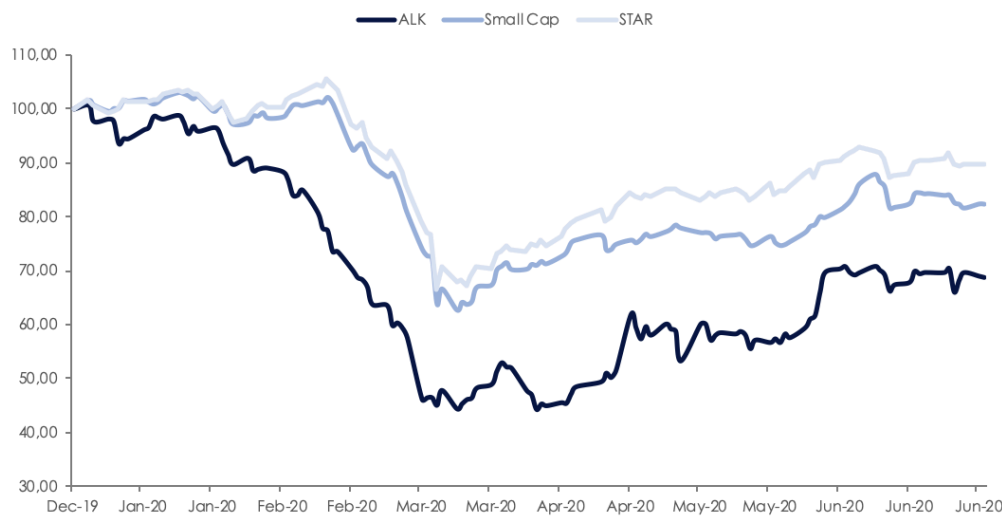
- Borsa Italiana, MTA – STAR Segment

Specialist

- Intermonte

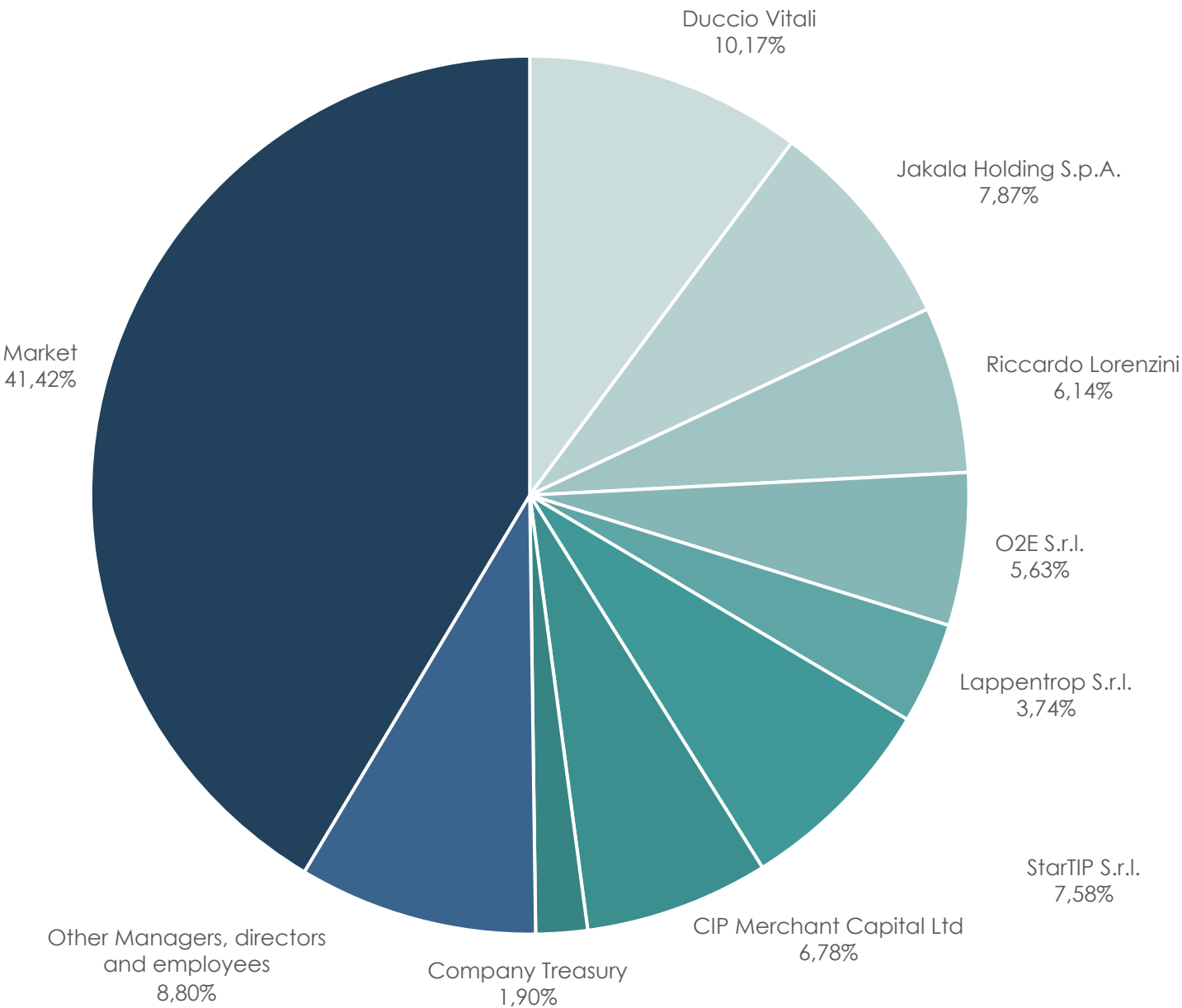
Analyst Coverage

- Intermonte
TP €7.40 | Outperform (Apr 2020)
- Banca Imi
TP €9.00 | Buy (Sept 2020)
- Mediobanca
TP €8.00 | Outperform (Sept 2020)



ALKEMY SHAREHOLDING STRUCTURE

As of November 6, 2020



Outstanding Shares 5.609.610

(1) O2E Srl belongs to Francesco Beraldi
(2) Lappentrop Srl belongs to Alessandro Mattiacci
(3) Other Managers: Alkemy and founders of new acquired companies
(4) Buy Back plan was in place until December 2019

A SOLID CORPORATE GOVERNANCE



BOARD OF DIRECTORS

Chairman	Alessandro Mattiacci
Chief Executive Officer	Duccio Vitali
Deputy Chairman	Vittorio Massone
General Manager	Massimo Canturi
Director	Riccardo Lorenzini
Independent Director	Giorgia Albelino
Independent Director	Giulia Bianchi Frangipane
Independent Director	Andrea Di Camillo
Independent Director	Serenella Sala

Independent Audit Firm: KPMG S.p.A.

BOARD OF STATUTORY AUDITORS

Chairman	Mauro Dario Bontempelli
Standing Auditor	Gabriele Gualeni
Standing Auditor	Daniela Bruno
Alternate Auditor	Marco Garrone
Alternate Auditor	Mara Sartori

• The Board of Directors, the Board of Statutory Auditors and the Independent Audit Firm were appointed by the Shareholders' Meeting on June 25, 2017.
• Vittorio Massone was appointed by the Shareholders' Meeting on April 24, 2020.



Alkemy enabling evolution
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INVESTOR RELATIONS
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